



Billing Code: 5001-06

**DEPARTMENT OF DEFENSE**

**Office of the Secretary**

**[Transmittal No. 18-35]**

**Arms Sales Notification**

**AGENCY:** Defense Security Cooperation Agency, Department of Defense.

**ACTION:** Arms sales notice.

**SUMMARY:** The Department of Defense is publishing the unclassified text of a section 36(b)(1) arms sales notification.

**FOR FURTHER INFORMATION CONTACT:** DSCA at [dsca.ncr.lmo.mbx.info@mail.mil](mailto:dsca.ncr.lmo.mbx.info@mail.mil) or (703) 697-9709.

**SUPPLEMENTARY INFORMATION:** This 36(b)(1) arms sales notification is published to fulfill the requirements of section 155 of Public Law 104-164 dated July 21, 1996. The following is a copy of a letter to the Speaker of the House of Representatives, Transmittal 18-35 with attached Policy Justification and Sensitivity of Technology.

Dated: October 24, 2018.

**Aaron T. Siegel,**

*Alternate OSD Federal Register Liaison Officer,*

*Department of Defense.*



DEFENSE SECURITY COOPERATION AGENCY

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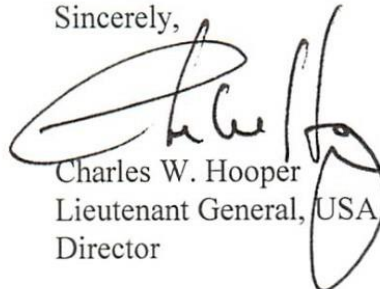
SEP 13 2018

The Honorable Paul D. Ryan  
Speaker of the House  
U.S. House of Representatives  
H-209, The Capitol  
Washington, DC 20515

Dear Mr. Speaker:

Pursuant to the reporting requirements of Section 36(b)(1) of the Arms Export Control Act, as amended, we are forwarding herewith Transmittal No. 18-35, concerning the Army's proposed Letter(s) of Offer and Acceptance to the Republic of Korea for defense articles and services estimated to cost \$501 million. After this letter is delivered to your office, we plan to issue a news release to notify the public of this proposed sale.

Sincerely,

A handwritten signature in black ink, appearing to read "Ch Hooper", is written over the typed name and title.

Charles W. Hooper  
Lieutenant General, USA  
Director

Enclosures:

1. Transmittal
2. Policy Justification
3. Sensitivity of Technology

Transmittal No. 18-35

Notice of Proposed Issuance of Letter of Offer  
Pursuant to Section 36(b)(1)  
of the Arms Export Control Act, as amended

(i) Prospective Purchaser: Republic of Korea

(ii) Total Estimated Value:

Major Defense Equipment*	\$365 million
Other	<u>\$136 million</u>
TOTAL	\$501 million

(iii) Description and Quantity or Quantities of Articles or Services under Consideration for Purchase:

Major Defense Equipment (MDE):

Sixty-four (64) Patriot Advanced Capability-3 (PAC-3) Missile Segment Enhancement (MSE) Missiles

Non-MDE:

Also included are two (2) PAC-MSE Test Missiles, range and test programs, publications and technical documentations, training equipment, spare parts, personnel training, U.S. Government and contractor technical, engineering, and logistics support services, and other related elements of logistics and program support.

(iv) Military Department: Army (KS-B-ZGT)

(v) Prior Related Cases, if any: None

(vi) Sales Commission, Fee, etc., Paid, Offered, or Agreed to be Paid: None

(vii) Sensitivity of Technology Contained in the Defense Article or Defense Services Proposed to be Sold: See Annex Attached

(viii) Date Report Delivered to Congress: September 13, 2018

\*As defined in Section 47(6) of the Arms Export Control Act.

## POLICY JUSTIFICATION

### Korea – Patriot Advanced Capability-3 (PAC-3) Missile Segment Enhancement (MSE) Missiles

The Republic of Korea (ROK) has requested to buy sixty four (64) Patriot Advanced Capability-3 (PAC-3) Missile Segment Enhancement (MSE) Missiles. Also included are two (2) PAC-MSE Test Missiles, range and test programs, publications and technical documentations, training equipment, spare parts, personnel training, U.S. Government and contractor technical, engineering, and logistics support services, and other related elements of logistics and program support. The total estimated program cost is \$501 million.

The ROK is one of the closest allies in the INDOPACOM Theater. The proposed sale will support U.S. foreign policy and national security objectives by meeting Korea's legitimate security and defense needs.

The ROK will use the Patriot missile system to improve its missile defense capability, defend its territorial integrity and deter threats to regional stability. The proposed sale will increase the defensive capabilities of the ROK Military to guard against hostile aggression and shield the allies who train and operate within South Korea's borders. The ROK should have no difficulty absorbing this system into its armed forces.

The proposed sale of this equipment and support does not alter the basic military balance in the region.

The prime contractor will be Lockheed-Martin, Dallas, Texas. There are no known offset agreements expected to be proposed in connection with this potential sale.

Implementation of this proposed sale will not require the assignment of any additional U.S. Government or contractor representatives to the Republic of Korea.

There will be no adverse impact on U.S. defense readiness as a result of this proposed sale.

Transmittal No. 18-35

Notice of Proposed Issuance of Letter of Offer  
Pursuant to Section 36(b)(1)  
of the Arms Export Control Act

Annex  
Item No. vii

(vii) Sensitivity of Technology:

1. The Patriot Air Defense System contains classified CONFIDENTIAL hardware components, SECRET tactical software and critical/sensitive technology. The Patriot Advanced Capability-3 (PAC-3) Missile Segment Enhancement (MSE) hardware is classified CONFIDENTIAL and the associated launcher hardware is UNCLASSIFIED. With the incorporation of the PAC-3 MSE missiles, the Patriot system will continue to hold a significant technology lead over other surface-to-air missile systems in the world.
2. The PAC-3 MSE sensitive/critical technology is primarily in the area of design and production know-how and primarily inherent in the design, development and/or manufacturing data related to certain components.
3. Information on system performance capabilities, effectiveness, survivability, missile seeker capabilities, select software/software documentation and test data are classified up to and including SECRET.
4. If a technologically advanced adversary were to obtain knowledge of the specific hardware and software elements, the information could be used to develop countermeasures that might reduce weapon system effectiveness or be used in the development of a system with similar or advanced capabilities.
5. A determination has been made that the recipient government can provide substantially the same degree of protection for the technology being released as the U.S. Government. This sale supports the U.S. foreign policy and national security objectives as outlined in the Policy Justification.
6. All defense articles and services listed in this transmittal have been authorized for release and export to the ROK.

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